

Contact:

Ellis Smith

esmith@chattanooga.gov

770.331.7191 (cell)

FOR IMMEDIATE RELEASE

South Broad Revitalization Approved

Final vote follows years of public engagement, including dozens of public presentations and hearings, and paves the way for hundreds of millions of dollars in private investment that will generate new jobs and new homes, as well as new money for schools, roads and infrastructure

Chattanooga, Tenn. (Tuesday, Aug. 9) — Chattanooga's City Council on Tuesday gave final approval for the revitalization of the [South Broad District](#), kicking off a renewal effort that will generate tens of millions of dollars in new money for schools, roads and infrastructure across Chattanooga and Hamilton County, while transforming a blighted brownfield into a vast, vibrant live-work-play district.

The catalyst for the project is a new stadium, owned by a city-county sports authority, that will ignite surrounding revitalization and breathe new life into the city's western gateway, while also keeping the Lookouts in Chattanooga. Where motorists entering the city once saw belching black clouds fueled by pit fires, and later a rusted wasteland, within years the site will be bustling with activity fueled by lush public spaces and mixed-use development.

"Today will mark the beginning of a new era of investment and inclusive growth in Chattanooga, in which we fundamentally shift our trajectory, upwards and forwards," said Chattanooga Mayor Tim Kelly.

The promise of such a catalyst has already attracted world-class master developer Jim Irwin, as well as \$100 million in planned office space and \$170 million in new housing commitments. The project is expected to swiftly exceed conservative projections of \$350 million in development needed to break even, and eventually peak beyond \$1 billion in new homes, offices and stores.

Why a new stadium? The Lookouts' current home at AT&T Field was privately built, and also poorly built. It faces into the sun, which can't be fixed, and was found by Major League Baseball to have more than 140 different compliance deficiencies that would have caused the league to pull the franchise had the city and county not acted. The loss of the Lookouts would not only have terminated one of baseball's historic franchises, but would also have cost the community \$30 million in economic impact that the Lookouts provide.

The City and County leveraged [tax increment financing](#) for the project, with each committing just \$1.4 million of non-property tax revenues up front toward the \$72 million cost of the multi-use

stadium. The land for the stadium will be donated by Perimeter Properties, which has also donated approximately 14 acres of land to allow the Riverwalk to bisect the site. Similar projects in Fort Wayne, Ind. and Columbia, S.C., have so far generated \$1 billion and \$650 million in new development, respectively.

Growth Fuels Renewal

Not one penny of current property taxes will go toward the project, rather the city and county's contribution will come from hotel/motel fees paid by tourists, as well as economic development fees set aside for this purpose. The vast majority — 96 percent — of the catalytic stadium will be funded by future development that happens on site and revenue from the stadium itself, as the taxable value of new buildings yields new property taxes to pay back bondholders. This will not only pay back the city and county's initial investment, but will permanently increase the city and county's respective budgets, allowing local government to offer superior services to all residents decades into the future.

"But this is about more than just increasing our tax base. This is about becoming the best city in the country to live, work and play. This is about new housing, new commercial space for our small businesses, new living-wage jobs, and new public green spaces and trails. This is about connecting our neighborhoods, bringing us one step closer to One Chattanooga," said Kelly following the vote. "When we say One Chattanooga, it means shifting the mindset to growing the pie for everyone, not just fighting over the scraps of an old, broken world. It means investing in our future, not trapping ourselves in the past by refusing to believe in the possible. It means looking ahead with hope and courage to what we can and will accomplish together, and overcoming the fear and cynicism that for too long has held us back."

Revitalizing a large foundry district that once employed thousands of workers involves partnerships across government as well as with the private sector. From the public meetings and community-led planning sessions over the decades, to the state's construction of a new I-24 exit ramp, Chattanooga's leaders have remained focused on the future, Kelly said.

"I'd like to congratulate our City Council, our friends on the County Commission, and our legislative delegation for their vision and leadership on this important and pivotal piece of Chattanooga history. And to my partner and friend Jim Coppinger, who has carried the torch on this revitalization since 2015, I can't thank you enough for your tireless work in service of future generations. I would be remiss if I didn't also thank the Lookouts and their fans for their dedication to Chattanooga, Perimeter Properties for generously donating the land to make all this possible, and the people of Chattanooga and Hamilton County — this is for you."

Financing for the Future

Tax increment financing is a unique funding mechanism in that it fuels economic development using the growth from the project itself, eliminating the need to take money from current taxpayers or reallocate money from schools or roads. The projects are ultimately funded

through a bond that is then paid back with the increase, or increment, in tax receipts that result from new homes, offices and restaurants.

How does it work? In this particular project, 58 percent of the stadium will be funded by [new property taxes](#) from new homes, offices and stores constructed with private money, while the Lookouts will pay 22 percent through one of the most expensive leases in minor league baseball. With the support of Chattanooga's legislative delegation, 14 percent of the project will be funded by sales taxes generated inside the stadium, while 2 percent each will come from the City of Chattanooga and Hamilton County development fees.

Since the stadium will be funded by new growth, the project by its very nature won't lead to a tax increase. Only new incremental property taxes within the district — taxes that do not currently exist — will be used for the stadium. Any city and county funds used for the stadium ([see financing plan](#)) will be paid from economic development or hotel/motel funds, not property tax revenue. Furthermore, the interlocal agreement between the city and county specifies that no existing property taxes will be used for the stadium.

In fact, even as a portion of the new tax revenue will go toward paying off the stadium, schools will continue to receive 100 percent of their allocation of both existing and new property taxes. Using the city's conservative \$350 million projection for new development, schools will receive \$40 million in new money, the county will receive \$17 million in new money, and the city will receive \$18.5 million in new money toward their general funds. Those numbers will climb once development exceeds \$350 million.

Community Benefits

A portion of the tax revenue increment—over and above that which is required to pay off the \$80 million in stadium bonds and build a capital maintenance reserve—will be used to construct the Alton Park connector, which for the first time, will connect a historic neighborhood to the riverwalk, opening up alternative transportation options for Alton Park residents and increasing access to jobs and shopping throughout the South Broad corridor.

Other community benefits include new public spaces that will connect to the Riverwalk, including the stadium itself. In public presentations before both the City Council and the County Commission, Lookouts owner Jason Frier explained his policy of keeping the stadiums open to the public whenever no ticketed event was scheduled, allowing fans to cool off in fountains, rest in the shade, and enjoy a stroll through the concourse.

But Mayor Kelly has directed city staff to go above and beyond the economic and quality-of-life benefits that the project will organically generate. City officials plan to increase the cadence of community meetings to facilitate execution of a community benefits agreement, which will help assure housing stability as well as workforce participation for those living in the neighborhoods adjacent to the former U.S. Pipe and Wheland Foundry sites where the stadium will be located.

Such benefits could include infrastructure improvements in the neighborhoods surrounding the district, agreements on local workers taking part in construction projects, and agreements to ensure that neighborhood residents aren't priced out of their homes amid rising prosperity.

Officials are also planning to work with The Howard School, which is part of the district, to allow students who attend the architecture and construction programs at its Future Ready Institute to get hands-on experience during the planning and construction phases of the project.

What's Next

Jim Irwin, the master developer, will spend the coming months working with the community to establish a master plan covering the full developable acreage, which will determine the highest and best use of every parcel, as well as establish rules for development both sitewide and by parcel.

The sports authority, which following the city council's vote is now officially formed, will meet to adopt governing documents and begin the process of issuing bonds.

The stadium is expected to open in 2025, though associated development is likely to break ground and may even be open before that time.

###